GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:266
ANSWERED ON:23.07.2004
MOBILISATION OF MONEY FROM FOREIGN COUNTRIES
Rawat Prof. Rasa Singh

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has allowed the Indian companies to mobilize money from foreign countries;

(b) if so, the reasons therefor alongwith the names of the companies which have been allowed;

(c) the amount mobilized by each of the above companies and the manner in which this amount has been utilized;

(d) whether this amount has been utilized for the purpose other than that for which mobilized; and

(e) if so, the action taken by the Government in this regard?

Answer

MINISTER OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (e): A statement is placed on the Table of the House.

Statement referred to in the reply to Lok Sabha Starred Question No.266 by PROF. RASA SINGH RAWAT for 23-07-2004 regarding Mobilisation of Money from Foreign Countries

(a) to (c) Indian companies are allowed to mobilize money from external sources to augment domestically available resources. This can be in the form of :-

1. Debt through External Commercial Borrowings (ECBs) and Foreign Currency Convertible Bonds (FCCBs); and

2. Equity through Foreign Direct Investment (FDI) including through the Global Depository Receipts (GDRs) route.

This has to be in accordance with guidelines/policies on ECBs and FDI respectively. Details of amounts raised through the various routes is given below:-

(USD Million)

Year	ECBs	FCCBs	FDI (including GDRs)
2001-02	2933	20.00	6131.00
2002-03	2823	153.00	4660.00
2003-04	3173	208.94	3429.28(Provisional)

The information relating to amounts mobilised by each company is voluminous. Data in respect of FDI approvals/inflows is published in the monthly SIA Newsletter of Department of Industrial Policy and Promotion, which is also available at their website - www.dipp.nic.in. The company-wise database for ECBs is published at the website of the Reserve Bank of India (RBI) - www.rbi.org.in - since February, 2004.

(d) & (e): For amounts raised towards capital by Indian companies, reporting requirement to RBI is as per the regulations notified under the Foreign Exchange Management Act, 1999 (FEMA). For amounts raised as debt, the designated Authorised Dealer (AD) is required to ensure that raising/utilisation of ECB is in compliance with ECB guidelines at the time of certification. Any contravention of the ECB guidelines may invite penal action under the provisions of FEMA.